Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Text

LIMITED OFFICIAL USE

PAGE 01 ROME 19949 080900Z
13
ACTION EB-07

INFO OCT-01 IO-13 ISO-00 AGRE-00 AID-05 CEA-01 CIAE-00
COME-00 EUR-12 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02
STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 L-03 PRS-01
USIA-06 ITC-01 /073 W
---------- 039745
R 080800Z DEC 76
FM AMEMBASSY ROME
TO SECSTATE WASHDC 1656
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
USMISSION OECD PARUS
AMEMBASSY THE HAGUE
USMISSION GENEVA
USDEL MTN GENEVA

LIMITED OFFICIAL USE ROME 19949

E.O. 11652: N/A
TAGS: EAGR, ETRD, EEC, IT
SUBJ: MAF OFFICIAL'S VIEWS ON EC BEEF REGIME AND FATS AND OILS
TAX PROPOSAL

REF: (A) EC BRUSSELS 11317 (B) EC BRUSSELS 11595

PASS AGRICULTURE

1. ON DEC 6 ECMIN AND AGATT CALLED ON ROMUALDO MORONI, DIRECTOR GENERAL FOR FOREIGN AGRICULTURAL POLICY AT MINISTRY OF AGRICULTURE AND FORESTRY (MAF), THE TOP-RANKING CIVIL SERVANT IN MAF, TO SOLICIT HIS VIEWS ON EC BEEF IMPORT SYSTEM AND PROPOSED TAX ON VEGETABLE FATS AND OILS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ROME 19949 080900Z

2. ECMIN FIRST ASKED MORONI TO EXPLAIN APPARENT CONFLICT

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

BETWEEN GOI BLOCKAGE (AS REPORTED IN PRESS) OF PROPOSAL TO REMOVE EC'S BEEF SAFEGUARD CLAUSE AND CONCERN OVER FOREIGN EXCHANGE DRAIN CAUSED BY MEAT IMPORTS (SECOND LARGEST SINGLE ITEM). MORONI MADE IT CLEAR THAT GOI WOULD NOT AGREE TO REMOVAL OF SAFEGUARD CLAUSE UNTIL EC PUT INTO PLACE A NEW LEVY SYSTEM WHICH PROVIDES ADEQUATE PROTECTION TO DOMESTIC PRODUCTION. HENCE, MAJOR PREOCCUPATION OF MAF IS MAINTENANCE OF SUFFICIENT PRICE INCENTIVE TO ITALIAN BEEF PRODUCTION, WHICH MAF WOULD LIKE TO INCREASE ABOVE PRESENT LEVEL COVERING ONLY ABOUT 55 PERCENT OF ITALIAN CONSUMPTION. HOWEVER, MORONI INDICATED THAT GOI LOOKED FORWARD TO INCREASE IN NON-EC IMPORTATION WHICH WOULD RESULT FROM REMOVAL OF SAFEGUARD CLAUSE BECAUSE (A) SOMEWHAT LOWER PRICE WOULD RESULT FROM TERMINATION OF VIRTUAL MONOPOLY OF EC SUPPLIERS AND (B) DRAIN ON FOREIGN RESERVES WOULD BE LESSENED TO SOME EXTENT. LATTER POINT WAS EXPLAINED BY FACT THAT WHILE PRICE TO CONSUMER WOULD REMAIN ESSENTIALLY UNCHANGED, NON-EC IMPORTS WOULD COST LESS WITH THE DIFFERENCE MADE UP BY EC LEVIES, WHICH ARE NOT PAID IN FOREIGN EXCHANGE.

3. ON RELATED SUBJECT, MORONI STATED THAT GOI HAD NOT YET DECIDED ON PLAN FOR COMPULSORY SALE OF FROZEN BEEF DURING FIRST WEEK OF EVERY MONTH, WHICH GOI HAS PROPOSED AS MEANS OF REDUCING FOREIGN EXCHANGE EXPENDITURES ON MEAT. THERE WERE, HE NOTED, MANY SERIOUS ADMINISTRATIVE PROBLEMS YET TO BE RESOLVED, E.G. FACT THAT AT PRESENT FROZEN MEALS MAY BE SOLD ONLY AT RETAIL STORES (RELATIVELY FEW IN NUMBER) RESERVED FOR THAT PURPOSE. REGULAR MEAT STORES DO NOT HAVE FROZEN FACILITIES AND ANYWAY CONSUMERS WOULD BE VERY FEARFUL OF POSSIBLE FRAUD IF BOTH FROZEN AND NON-FROZEN MEAT WERE SOLD AT SAME OUTLET.

4. TURNING TO EC DELIBERATIONS ON DAIRY SURPLUS PROBLEM AND SPECIFICALLY TO REPORTS THAT PROPOSED FATS AND AILS TAX REMAINS UNDER ACTIVE CONSIDERATION, MORONI EXPRESSED GOI'S DISSATISFACTION WITH SOME OF EC COMMISSION'S PROPOSALS FOR REDUCING EC DAIRY SURPLUS SINCE THRUST OF PROPOSALS RUNS DIRECTLY COUNTER TO GOI'S EFFORTS TO INCREASE ITALIAN SELF-SUFFICIENTY IN DAIRY. ON OTHER HAND, MORONI WAS RATHER NEUTRAL ON ISSUE OF FATS AND OILS TAX. VOLUNTEERING
LIMITED OFFICIAL USE

THAT HE WAS WELL AWARE OF U.S. POSITION AS OUTLINED IN EMBASSY'S AIDE MEMOIRE OF JULY 12, 1976, HE NONETHELESS ASSERTED THAT SOYBEANS WERE LESS AFFECTED THAN OTHER OILSEED PRODUCTS BECAUSE OF RELATIVELY LOW OIL CONTENT. HOWEVER, IN RESPONSE TO STATEMENTS BY ECMIN AND AGATT, MORONI CONCEDED THAT ITALY'S MAIN INTEREST WAS TAKEN CARE OF BY EXEMPTION OF OLIVE OIL FROM PROPOSED TAX AND THAT SONSUMPTION OF SOYBEANS, AND ALL OTHER OILSEED PRODUCTS, WOULD BE REDUCED

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

BY THE TAX. MORONI SIDE-STEPPED QUESTION ABOUT POSSIBLE OUTCOME OF DEC. 20-21 EC AGRUCULTURAL COUNCIL MEETING, LIMITING HIMSELF TO STATEMENT THAT THERE WERE STRONGLY-HELD VIEWS ON BOTH SIDES OF THIS ISSUE.

5. COMMENT: WHILE MORONI'S VIEWS ON PROPOSED FATS AND OILS TAX ARE NO DIFFERENT FROM THOSE EXPRESSED BY GOI IN THE PAST, THEY MAKE CLEAR THAT GOI HAS NO STRONG FEELINGS AGAINST THE TAX BUT RATHER AGAINST ANY ATTEMPTS TO REDUCE ITALIAN DAIRY PRODUCTION.BEAUDRY

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, REGIONAL ORGANIZATIONS, TAXES, VEGETABLE OILS, MEATS, AGRICULTURAL POLICIES, DIPLOMATIC DISCUSSIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ROME19949
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760453-0536
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761262/aaaacbgv.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 EC BRUSSELS 11317, 76 EC BRUSSELS 11595
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by ShawDG>; APPROVED <06 APR 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAF OFFICIAL'S VIEWS ON EC BEEF REGIME AND FATS AND OILS TAX PROPOSAL
TAGS: EAGR, ETRD, IT, EEC, (MORONI, ROMUALDO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006